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**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
MINUTES OF MEETING  
Wednesday, August 20, 2008**

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A meeting of the Board of Administration was held on Wednesday, August 20, 2008, CalPERS Auditorium, Lincoln Plaza North, 400 Q Street, Sacramento, California.

The meeting was called to order at 10:30 a.m. by Board President Rob Feckner.

The Secretary called the roll and the following Board members were present:

Rob Feckner, President  
Terry McGuire representing John Chiang  
George Diehr  
Debbie Endsley representing David Gilb  
Henry Jones  
Steve Coony representing Bill Lockyer  
Priya Mathur  
Lou Moret  
Tony Oliveira  
Anne Sheehan  
Kurato Shimada  
Charles Valdes

Excused: Marjorie Berte

**AGENDA ITEM 3 – APPROVAL OF THE JUNE 19, 2008 MEETING MINUTES**

**ON MOTION** by Priya Mathur, **SECONDED** and **CARRIED**, the Board approved the May Board minutes.

**AGENDA ITEM 4 – INTERIM CHIEF INVESTMENT OFFICER'S REPORT**

Anne Stausboll, Interim Chief Investment Officer, presented this report to the Board.

We ended the fiscal year with assets totaling \$239.2 billion. Preliminary estimates showed that the fund incurred an overall gross return of negative 2.4 percent for the fiscal year, which was slightly under the benchmark of -1.63 percent.

Last years' returns follow five years of positive returns, the most recent four having been double digit returns. The negative return for the last year was a reflection of the international economic slow down overall and the poor performance of global equity markets globally. The total assets under management as of yesterday were \$230.7 billion. We believe that we are very well positioned for the eventual recovery of the markets.

## **AGENDA ITEM 5 – INVESTMENT COMMITTEE**

George Diehr, Chair, Investment Committee, presented the Committee Summary report (attached) to the Board. The Committee met on Monday, August 18, 2008.

Additional information may be found in the August 18, 2008 Agenda materials and/or transcripts of the Committee meeting.

The next Investment Committee meeting is scheduled for September 15, 2008 in Sacramento, California.

## **AGENDA ITEM 6 – BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE**

Kurato Shimado, Chair, Benefits and Program Administration Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, August 19, 2008.

Additional information may be found in the August 19, 2008 Agenda materials and/or transcripts of the Committee meeting.

On Motions by the Committee, the Board approved the following:

- 2009 BPAC Schedule

The next Benefits and Program Administration Committee is scheduled for September 16, 2008 in Sacramento California.

## **AGENDA ITEM 7 – HEALTH BENEFITS COMMITTEE**

Priya Mathur, Chair, Health Benefits Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, August 19, 2008.

Additional information may be found in the August 19, 2008 Agenda materials and/or transcripts of the Committee meeting.

On Motions by the Committee, the Board approved the following:

- Staff's recommendation to adopt the revisions to the CalPERS Other Post Employment Benefits (OPEB) Assumption Model.
- E-prescribing project and direct staff to move forward on behalf of CalPERS, with no current administrative cost to CalPERS and its members.
- Staff's recommendation to extend the current Thomson Reuters HCDSS contract for an additional six months to December 31, 2009, to provide continued operations during the re-procurement process. Ms. Endsley abstained.
- Staff's recommendation to approve the proposed 2009 Health Benefits Committee meeting dates.

The next Health Benefits Committee meeting is scheduled for September 16, 2008 in Sacramento, California.

## **AGENDA ITEM 8 – FINANCE COMMITTEE**

The Finance Committee did not meet

## **AGENDA ITEM 9 – PERFORMANCE AND COMPENSATION COMMITTEE**

Priya Mathur, Chair, Performance and Compensation Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, August 19, 2008.

Additional information may be found in the August 19, 2008 Agenda materials and/or transcripts of the Committee meeting.

On Motions by the Committee the Board approved the following

- 2008-09 performance plans for the Interim Chief Executive Officer, Chief Actuary, General Counsel, Interim Chief Investment Officer and her direct reporting staff.
- 2008-09 performance plans for the Senior Portfolio Managers and Portfolio Managers.
- 2008-09 performance plans for the recently appointed Portfolio Managers.
- 2008-09 Performance and Compensation Committee meeting calendar.

The next Performance and Compensation Committee meeting is scheduled for September 15, 2008 in Sacramento, California.

## **AGENDA ITEM 10 – BOARD MEETING CALENDAR**

No changes were made.

## **AGENDA ITEM 11 – INTERIM CHIEF EXECUTIVE OFFICER’S REPORT**

Ken Marzion gave updates on the following:

CSECC  
United Way Charity Golf Tournament  
Hot Dog Days of Summer  
Monster Mash Chili Cook-Off  
All Staff Forum

Ken Marzion also made a personal acknowledgment about Mark Quillici on his retirement.

## **AGENDA ITEM 12 – PENSION SYSTEM RESUMPTION PROJECT (PSR) UPDATE**

Teri Bennett, Assistant Executive Officer, Information Technology Services Branch, gave a status report on the PSR project.

## **AGENDA ITEM 13 – BOARD’S STATE LEGISLATIVE PROGRAM/BOARD’S POSITION ON STATE LEGISLATION**

Wendy Notsinneh, Chief, Governmental Affairs gave an update on the following legislative bills for 2008.

AB 2202  
AB 2940  
AB 545  
AB 2967  
AB 268

## **AGENDA ITEM 14 – BOARD’S FEDERAL LEGISLATIVE PROGRAM/BOARD’S POSITION ON FEDERAL LEGISLATION**

Tom Lussier, CalPERS Federal Legislative Liaison gave updates on Pension Funds.

## **AGENDA ITEM 15 – PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES**

**ON MOTION** by Priya Mathur, **SECONDED** and **CARRIED**, the Board adopted staff’s recommendation on items 15 A - O.

## **AGENDA ITEM 16 – PETITION FOR RECONSIDERATION**

**ON MOTION** by Debbie Endsley, **SECONDED** and **CARRIED**, the Board adopted staff’s recommendation on item 16A.

## **AGENDA ITEM 17 – GENERAL COUNSEL’S REPORT**

No new cases were reported.

## **AGENDA ITEM 19 – BOARD TRAVEL APPROVALS**

**ON MOTION** by Kurato Shimada, **SECONDED** and **CARRIED**, the Board approved the travel requests.

## **AGENDA ITEM 20 – DRAFT AGENDA**

No comments.

## **AGENDA ITEM 21 – NEW BUSINESS AGENDA SETTING**

No comments.

## **AGENDA ITEM 22 – PUBLIC COMMENT**

No comments.

## **AGENDA ITEM 18 – CLOSED SESSION**

The CalPERS Board of Administration recessed into closed session at 11:54 a.m.

The CalPERS Board of Administration reconvened into open session, announcing the following approvals:

Annual Performance Awards for the Chief Actuary, General Counsel, Interim Chief Investment Officer, former Chief Investment Officer and Senior Investment Officer.  
Base pay adjustments for the Chief Actuary, General Counsel and Senior Investment Officer.  
Base pay adjustment for the Chief Operating Investment Officer.

There being nothing further to come before the Board of Administration, the meeting adjourned at 12:09 p.m.